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RUEHVEN/USMISSION USOSCE 3009
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C O N F I D E N T I A L SECTION 01 OF 03 BISHKEK 000836

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [OVIP](#) [OTRA](#) [KG](#)
SUBJECT: CODEL REID'S MEETINGS IN KYRGYZSTAN

REF: BISHKEK 766

BISHKEK 00000836 001.2 OF 003

Classified By: Charge d'Affaires Lee Litzenberger, Reasons 1.4 (b) and (d).

¶1. (C) Summary: CODEL Reid met with President Bakiyev for an hour on August 5. Senator Reid and the other senators thanked Bakiyev for Kyrgyzstan's support for the Manas Coalition Air Base, and they urged Bakiyev to make renewed efforts on democratic and economic reform. Senator Reid warned that two recent incidents -- the mayor of Bishkek ordering the Hyatt Hotel's security fence to be torn down and Kyrgyz police seizing weapons and equipment from a U.S. military training team -- could have a negative impact on bilateral relations; Bakiyev assured Reid that both issues would be resolved quickly. Reid told Bakiyev that he would push to get the results of the U.S. investigation into the December 2006 shooting of a Kyrgyz citizen by a base airman. During a meeting with the opposition Social Democrats, former Prime Minister Atambayev told the delegation that Bakiyev was trying to create "one-person, one-family" rule, and that Kyrgyzstan needed to change its system of government to take power away from the presidency. Atambayev urged U.S. support to create independent television in Kyrgyzstan. The senators met with representatives of three USAID-supported microfinance institutions and heard about the positive impact of small loans on job creation and economic development. The delegation visited the Manas Air Base for a briefing on base operations, and the senators met with troops from their home states. In addition, the senators had dinner with a group of Peace Corps volunteers.

¶2. (U) Senate Majority Leader Harry Reid led a congressional delegation to Kyrgyzstan August 4-7. The delegation included Senator Jeff Bingaman, Senator Bill Nelson, Senator Johnny Isakson, and Senator Robert Menendez.

Meeting with President Bakiyev

¶3. (C) President Kurmanbek Bakiyev opened the August 5

meeting by thanking the Senators for U.S. support to Kyrgyzstan and for cooperation in anti-terrorism efforts. Senator Reid said that the bipartisan delegation had chosen to visit Kyrgyzstan because of the country's developing democracy, and he thanked the president for Kyrgyzstan's continued support of the Manas Coalition Air Base. Bakiyev said that when he came to power in 2005, he faced two intertwined problems: the high level of corruption and the high level of poverty. Bakiyev said he had made progress against official corruption, with the necessary laws now in place and government positions no longer for sale. He also claimed a "certain measure of success" in dealing with poverty.

14. (C) After the press departed, Reid said that he wanted to see relations between the United States and Kyrgyzstan improve, but two recent incidents could negatively affect bilateral ties. Reid turned first to the problems of the Hyatt Regency Hotel, which had its perimeter security fence torn down July 24 on the orders of the mayor of Bishkek (reftel). Reid said that we wanted other U.S. companies to do business and invest in Kyrgyzstan, but "not when they're treated this way." Reid then raised the August 4 raid by Kyrgyz Ministry of Internal Affairs (MVD) police against a U.S. special forces team, which was in Kyrgyzstan at the invitation of the Kyrgyz government to conduct counter-terrorism training. Reid said that the raid, in which the Kyrgyz police confiscated weapons, equipment, and money from team members, was an "embarrassment to our people and to your people." Reid pointedly noted that the Deputy Minister of Internal Affairs who led the raid had been appointed by the president.

BISHKEK 00000836 002.2 OF 003

15. (C) Bakiyev said he hoped the incidents would not interfere with bilateral relations or affect the Senators' views of Kyrgyzstan. Bakiyev claimed that he only found out about the Hyatt incident from the press. He agreed that the "new" mayor's actions were "hard to understand," but said the Hyatt "should have responded" to earlier letters about the fence (Note: letters the Hyatt never received. End note.), and he hoped that negotiations between the Hyatt and the mayor would reach "some result." On the raid against the U.S. special forces team, Bakiyev said it had happened due to a lack of coordination between the Kyrgyz security services and the MVD, and it was an unfortunate "coincidence" that MVD had launched operations against illegal weapons in the country. Bakiyev assured Reid, "We'll sort this out."

16. (C) Senator Bingaman thanked Bakiyev for Kyrgyzstan's efforts to help in Afghanistan, particularly hosting the Manas Coalition Air Base. He asked Bakiyev if he had any advice how to deal more effectively with the situation there. Bakiyev said that, compared to 2001 when the base opened, the situation in Afghanistan was now less violent, and there were no longer "active war operations." However, Bakiyev said, narcotics had become a more serious issue, and the counter-narcotics efforts had not been effective.

17. (C) Senator Nelson noted the good relations between Kyrgyzstan and the United States on anti-terrorism efforts, and he wanted to encourage this cooperation. Nelson then asked Bakiyev to take note that Russia was trying to interfere with our "good cooperation." Bakiyev responded that Kyrgyzstan was a sovereign nation and, like the United States, would decide with whom they would cooperate and to what extent.

18. (C) Senator Isakson, noting that he himself represented the minority party in the Senate, urged Bakiyev to continue his commitment to democracy and to work with opposition parties. Isakson spoke about USAID assistance programs, and he pointed to the success of the microfinance programs. Isakson said that we needed greater cooperation on counter-narcotics, and he urged Bakiyev to share his ideas on

how to beat the narcotics problem. Bakiyev said that his experience was more in economics, and he suggested that this issue be left to experts and special services.

¶9. (C) Senator Menendez echoed his colleagues' appreciation for Kyrgyzstan's cooperation in the "world's efforts against terrorism." He also lauded Kyrgyzstan's efforts on judicial reform and rule of law through the Millennium Challenge Account Threshold Program. He urged Bakiyev to make similar efforts on democracy, freedom of speech, and freedom of religion, stating that if Bakiyev followed his reform pledges from 2005, Kyrgyzstan could be a leader for the whole region.

¶10. (C) Bakiyev thanked Menendez for his assessment of Kyrgyzstan's efforts in the Millennium Challenge program. Bakiyev then complained that the Manas Air Base agreement called for \$150 million in assistance to Kyrgyzstan each year, and the U.S. government was "failing to meet those obligations," and Kyrgyzstan was not receiving "even half that amount." Bakiyev argued that U.S. financing of "NGOs on the territory of Kyrgyzstan" was not connected to the base agreement. Senator Reid pointed out that the 2006 U.S. Kyrgyz joint statement following base negotiations said that the U.S. "expects to provide" \$150 million in total assistance and compensation to Kyrgyzstan in the following year. Charge Litzenberger noted that the U.S. had, in fact, provided around \$147 million last fiscal year and was on track to provide over \$150 million this year.

¶11. (C) Senator Reid told Bakiyev that he had just learned of the delay in providing the Kyrgyz government the results of the U.S. investigation into the December 2006 shooting of a

BISHKEK 00000836 003.2 OF 003

Kyrgyz citizen by a Manas Air Base airman. Reid said the senators would do everything within their power to get the report to the Kyrgyz soon.

Meeting with Opposition Social Democrats

¶12. (C) The Senators met August 5, prior to their meeting with Bakiyev, with the leader of the opposition Social Democratic Party (SDPK), former Prime Minister Almaz Atambayev. Atambayev was accompanied by SDPK Members of Parliament Bakyt Beshimov (former Vice President of the American University of Central Asia) and Roza Otunbayeva (former Foreign Minister and Ambassador to the United States). Atambayev expressed his thanks for the "real support" of the United States during his tenure as prime minister (April-November 2007). Atambayev said that Bakiyev was recreating a "khanate," with "one-person, one-family" rule. Atambayev said that the poor governance was strengthening radical Islam in the country. He said that the 2005 "tulip revolution" showed that changing the person at the top was "not enough." What Kyrgyzstan needed, he said, was to change the system to take power away from the president and increase democracy. Atambayev said that donor countries should use a "carrot and stick" approach, and he urged support to establish a truly independent television station.

Meeting with USAID Microfinance Implementers

¶13. (SBU) Also prior to their meeting with Bakiyev, the Senators met with three of the leading microfinance institutions (MFIs) in Kyrgyzstan, as well as respective clients, to learn more about the sector and the impact of lending. All three MFIs were created with USG grant funding from 1995 through 2004; starting from a total base for the three of under \$20 million in grant funds, with a current combined portfolio of over \$110 million and client population exceeding 150,000. Individual clients were able to tell their own stories of how small loans -- anywhere from 3 to 8

loans, and totaling from \$9,500 to \$69,000, have lead to jobs for between 7 and 23 workers and substantially increased incomes. The Senators asked a number of questions and were interested to learn about the very low default rates (under 1%), the relatively high interest rates (averaging 30% annually), and the significant impact of the initial USG investment which has multiplied and reached such a large number of immediate and secondary beneficiaries through increased income and job creation.

Senators Visit Manas Air Base

¶14. (SBU) The delegation also made a trip to Manas Air Base, both to become familiar with the operations of the base and to meet with troops from their respective states. The entire group of senators, wives, and staff were given a brief vehicle tour of the base by Base Commander Col. Bence. Afterwards, they enjoyed lunch in the mess hall, where they were able to sit with airmen from each of the states the senators represent. The base recorded the entire visit in order to produce a story for its military publications and to distribute to the media in the senators' states.

¶15. (U) CODEL Reid did not clear this message.
LITZENBERGER